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CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER, INC.
REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

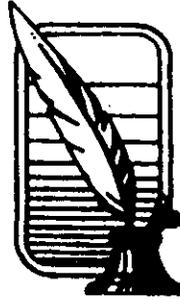
Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/9/05

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CERTIFIED PUBLIC ACCOUNTANTS

DAUZAT, BEALL & DEBEVEC, CPAs

A PROFESSIONAL CORPORATION

Independent Auditors' Report

To the Board of Directors
Central Louisiana Area Health Education Center Foundation
Alexandria, Louisiana

We have audited the accompanying statement of financial position of Central Louisiana Area Health Education Center as of June 30, 2005, and the related statements of activities, functional expenses, and cash flows for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Louisiana Area Health Education Center as of June 30, 2005, and changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2005, on our consideration of the organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Certified Public Accountants
September 30, 2005

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER , INC.

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2005**

ASSETS

Cash and Cash Equivalents	\$ 113,595
Accounts Receivable	17,817
Property and Equipment, Net of Accumulated Depreciation	31,841
Other Assets	<u>1,750</u>
Total Assets	<u>\$ 165,003</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accrued Expenses and Withholdings	<u>1,467</u>
Total Liabilities	1,467
Net Assets:	
Unrestricted Net Assets	<u>163,536</u>
Total Liabilities and Net Assets	<u>\$ 165,003</u>

The accompanying notes are an integral part of these financial statements.

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER , INC.

STATEMENT OF ACTIVITIES
JUNE 30, 2005

	<u>Unrestricted</u>
SUPPORT AND REVENUE	
Support	
LSU Medical Center	\$ 557,169
Delta	51,885
Other Revenue	24,800
Interest Income	<u>750</u>
Total Support and Revenue	<u>634,604</u>
EXPENSES	
Program Services	
Educational Programs	232,539
Program Management	122,034
Learning Resource Center	<u>11,697</u>
Total Program Services	366,270
Support Services	
General & Administrative	<u>219,264</u>
Total Support Services	219,264
Total Expenses	<u>585,534</u>
Change in Net Assets	49,070
Net Assets, Beginning of Year	<u>114,467</u>
Net Assets, End of Year	<u><u>\$ 163,537</u></u>

The accompanying notes are an integral part of these financial statements.

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
JUNE 30, 2005

	PROGRAM SERVICES				SUPPORT SERVICES		TOTAL EXPENSES
	Educational Programs	Program Management	Learning Resource Ctr	Total	General & Administrative		
Salaries	\$ 92,254	\$ 98,143	\$ 5,889	\$ 196,286	\$ 101,117	\$	\$ 297,403
Payroll Taxes	6,717	9,339	328	16,384	8,440		24,824
Fringe Benefits	9,784	10,617	416	20,817	10,724		31,541
Program Expenses	106,609	-	2,176	108,785	-		108,785
Educational Expense	13,240	-	1,636	14,876	-		14,876
Insurance	-	-	-	-	6,293		6,293
Legal & Professional	-	-	-	-	6,353		6,353
Travel	-	-	1,252	1,252	11,270		12,522
Office Expense	-	-	-	-	14,721		14,721
Duplication/Printing	-	-	-	-	2,690		2,690
Telephone/Communication	-	-	-	-	9,549		9,549
Postage	-	-	-	-	1,706		1,706
Office Lease	-	-	-	-	38,712		38,712
Other Expense	-	-	-	-	3,754		3,754
Total Expenses Before Depreciation	228,604	118,099	11,697	358,400	215,329		573,729
Depreciation	3,935	3,935	-	7,870	3,935		11,805
TOTAL EXPENSES	\$ 232,539	\$ 122,034	\$ 11,697	\$ 366,270	\$ 219,264		\$ 585,534

The accompanying notes are an integral part of these financial statements

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER , INC.
STATEMENT OF CASH FLOWS
JUNE 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 49,070
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	11,806
(Increase)Decrease in Accounts Receivable	33
Increase(Decrease) in Bank Overdraft	(6,918)
Increase(Decrease) in Accrued Expense	<u>(32)</u>
Net Cash Provided by Operating Activities	<u>53,959</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	<u>(16,745)</u>
Net Cash Used by Investing Activities	<u>(16,745)</u>
Net Increase in Cash and Cash Equivalents	37,214
Cash and Cash Equivalents, June 30, 2004	<u>76,381</u>
Cash and Cash Equivalents, June 30, 2005	<u><u>\$ 113,595</u></u>

There were no non-cash investing or financing transactions for the year ended June 30, 2005.
There were no cash payments for interest or income taxes for the year ended June 30, 2005.

The accompanying notes are an integral part of these financial statements.

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1 Summary of Significant Accounting Policies

Organization

Central Louisiana Area Health Education Center, Inc. (CLAHEC) is a Louisiana non-profit corporation chartered on January 6, 1992. Its purpose is to operate an area health education center in Central Louisiana in order to plan for additional clinical education opportunities in rural and underserved communities.

CLAHEC is exempt from Federal income taxes under the provisions described in Section 501(c)(3) of the Internal Revenue Code.

Fund Accounting

The accounting policies of CLAHEC conform to generally accepted accounting principles as applicable to non-profit organizations.

Restricted net assets represent resources currently available for use, but expendable only for those operating purposes specified by the grantor or donor. Resources of this type originate from grants and contracts. It is CLAHEC's policy to report all such revenues as unrestricted if the restrictions are met in the reporting period.

Revenue and Expenses

Support for CLAHEC is provided by Louisiana State University and Agricultural and Mechanical College acting on behalf of the Louisiana State University Medical Center (LSUMC). LSUMC has been awarded grants by both the Federal government and the State of Louisiana and has contracted with CLAHEC to provide the services required by these grants.

Expenditures are made in accordance with a budget which has been adopted and made a part of the contractual agreement with LSUMC. CLAHEC is reimbursed by LSUMC for costs incurred in carrying out the provisions of the agreements.

Equipment

The cost of office furniture and equipment was not capitalized during the initial year of CLAHEC's grant agreement with LSUMC. According to the contractual agreement between LSUMC and CLAHEC, title to the equipment purchased under the agreement during the fiscal year ended June 30, 1992 shall remain with LSUMC.

The cost of office furniture and equipment purchased in years subsequent to June 30, 1992 has been capitalized at historical cost. Depreciation of furniture and equipment is provided over the estimated useful lives of the assets on a straight-line basis. The estimated useful lives of the assets range from three to fifteen years.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited as determined by management.

Compensated Absences

CLAHEC does not accrue compensated absences since employees are not allowed to carry over significant amounts of vacation and sick leave.

Cash Flow Information

For purposes of the statement of cash flows, management considers all short-term investments with a maturity of three months or less to be cash equivalents.

NOTE 2 Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2005 totaled \$ 113,595 (book balance) and \$ 168,582 (bank balance). These deposits are held by local financial institutions and insured by FDIC.

NOTE 3 Accounts Receivable

Accounts receivable at June 30, 2005 totaled \$ 17,817 and consisted of amounts due from other agencies. Management believes these amounts will be fully collectible, and accordingly, no bad debt expense has been recognized.

NOTE 4 Property and Equipment

Property and equipment used in program and support services and capitalized as described in Note 1 is as follows:

	Computers	\$ 56,849
	Learning Resource Center	23,786
	Other Equipment	37,288
	Equipment-Baton Rouge	4,013
	Furniture	20,988
Less:	Accumulated Depreciation	<u>(111,083)</u>
	Net Property & Equipment	<u>\$ 31,841</u>

Depreciation expense for the year ended June 30, 2005 totaled \$ 11,805.

Equipment used in program and support services but not capitalized as described in Note 1 consists of office equipment, furnishings and computer equipment valued at historical cost totaling \$ 38,821.

NOTE 5 SEP/IRA

CLAHEC contributed 15% of each employees earned income to a SEP-IRA plan for the year ended June 30, 2005.

NOTE 6 Economic Dependence

CLAHEC receives substantially all of its operating support from funds provided through grants administered by the Louisiana State University and Agricultural and Mechanical College. The grant amounts are appropriated each year by the Federal government and the State of Louisiana. Management is not aware of any actions that would adversely affect the aggregate amount of funds CLAHEC will receive in the next fiscal year.

NOTE 7 Operating Leases

CLAHEC leases its office space, certain furnishings and housing for medical students under operating lease agreements. Details of each lease are listed below.

Office Building and Furnishings: CLAHEC signed an operating lease agreement in November, 2003 on office space and furnishings at a monthly amount of \$ 2,625. In February 2004, a new lease was signed for \$ 2,625 monthly, and the lease to expire December 1, 2005. For the year ended June 30, 2005 CLAHEC paid \$ 31,500 under this lease.

Baton Rouge Office: CLAHEC signed an operating lease agreement on October 15, 2003 on office space in Our Lady of the Lake building in Baton Rouge. The lease is renewable annually at \$ 1,200 and paid quarterly. During the year ended June 30, 2005, CLAHEC paid \$ 1,200 under this lease.

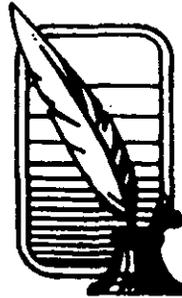
Storage Rental: CLAHEC rents additional storage from a self storage facility at six month intervals in the amount of \$ 450, paid monthly.

Future payments under these lease agreements for the year ending June 30, 2006 are \$ 19,725.

NOTE 8 Other Contracts and Agreements

CLAHEC entered into an agreement with the Department of Veteran's Affairs Medical Center in Alexandria Louisiana for the purpose of establishing a Learning Resource Center. The Learning Resource Center's mission is to provide health care professionals who practice in the underserved and rural areas of Central Louisiana access to library services. CLAHEC's support of the Learning Resource Center is to provide part-time support staff with equipment, furnishings and computers. Any equipment provided by CLAHEC to the center remains the property of CLAHEC. CLAHEC also provides supplies including books, journals, periodicals and database services.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Central Louisiana Area Health Education Center
Alexandria, Louisiana

We have audited the financial statements of the Central Louisiana Area Health Education Center (CLAHEC) as of and for the year ended June 30, 2005 and have issued our report thereon September 30, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance whether CLAHEC's financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we don not express such an opinion. The results of our tests disclosed no material instances of non-compliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered CLAHEC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial

statements being audited may occur and not be detected with a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "August Beall & DeLuca". The signature is written in a cursive, flowing style with a long horizontal flourish at the end.

Certified Public Accountants
September 30, 2005

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

June 30, 2005

There were no findings for the year ended June 30, 2004.